



Turning Meals to Digital: Levoo

Market Strategy and Impact on the

Consumer Habits

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Abstract

Title: Turning Meals to Digital: Levoo: Market Strategy and Impact on the Consumer Habits

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The main objective of this thesis is to understand the responsiveness of people regarding Levoo, a new app launched in Portugal.

The new app which was launched in 2016 promises to be a revolutionary app in Portugal, helping people saving time in their lives, giving to them the chance of order their meals via app and after receiving an alert in their smartphones to pick up the meal in the restaurant they chose.

In order to understand the responsiveness and the best way to promote the app to the customers, some primary and secondary data were done. Firstly, Literature Review was collected in order to get more close to the subject. Secondly, an interview to the company was made as also a continuously touch to them during the entire thesis. Then, some primary data was collected with market research, in order to prove some secondary data collected, but also to extract some insights that helps to understand the behaviour of the people about Levoo.

To conclude, it was possible to understand that the possible clients were able to download and use the new app. However, more studies can be done in order to get more conclusions and information. Once, due to the time and way that survey was distributed (mainly via social networks) there was a bias regarding ages and also the gender of the respondents.

Resumo

Título: Turning Meals to Digital: Levoo: Market Strategy and Impact on the Consumer Habits

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O principal objectivo desta tese é perceber a receptividade da população em relação à Levoo, uma nova aplicação em Portugal.

A nova aplicação que foi lançada em 2016 promete ser revolucionária em Portugal, ajudando as pessoas a poupar tempo no seu dia-a-dia, dando a oportunidade de pedirem as suas refeições através da app, e de seguida receberem uma notificação no smartphone para irem buscar a refeição que pediram ao restaurante que escolheram.

Por forma a perceber a receptividade e a melhor maneira de promover a aplicação aos possíveis consumidores, foi necessário recorrer a duas fontes de informação: primária e secundária. Primeiramente, de modo a entender o assunto de estudo, foi feita uma revisão da literatura. Foi feita uma entrevista aos responsáveis da empresa mantendo o contacto durante todo o período da tese. Por último, foi recolhida informação primária, fazendo um estudo de mercado, de forma a provar informação secundária, mas também para recolher informação que ajudou a perceber o comportamento das pessoas em relação à Levoo.

Para concluir, foi possível perceber que os possíveis clientes estariam dispostos a descarregar e utilizar a nova aplicação. No entanto, mais estudos podem ser feitos de modo a ter mais conclusões e informação porque, devido ao tempo disponível e à forma como o questionário foi distribuído (maioritariamente via redes sociais), houve enviesamento em relação às idades e ao género dos participantes.

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Introduction

Problem Statement

Since the world is becoming more digital and futuristic, the companies have the need to adapt to customers requirement and turn their lives easier.

Thinking of it, was launched a new app called “Levoo” which the main goal is to help consumers saving time spent in the queue. With this app consumers can order, and when it is done, pick up their meals. Levoo will also offers the delivery service, where guarantee a 30 min delivery time.

Since Levoo is a very innovative and new app in Portugal, is very important to study it. This project will help to understand the responsiveness of the consumers about Levoo, and also the benefits and the limitations of this kind of apps.

Research Questions

In order to support the research, some research questions were done:

RQ1) What are the attributes that Levoo needs to have in order to make people use it, and how important is the user-friendly and usefulness of the app?

RQ2) How important is the trust relationship between Levoo and the client?

RQ3) What are the main benefits and limitations of this app to the consumers?

RQ4) What are the other possible businesses where Levoo system can be useful?

RQ5) How to promote Levoo as an app?

Methodology

In order to answer to all the research questions and the problem stated, some primary and secondary research was done.

It was used the information that the company gave in order to help this study, with some **Interviews** to people of Levoo.

Also, it was done some search in EBSCO to **Literature Review**.

Primary data as **Focus Group** was done to see the reactions to the new app and make people interact with the app, and also **Survey** in order to get bigger sample, since the focus group has limited and short number of participants.

Literature Review

In this section will be addressed the Internet and Mobile Industry and its impact nowadays, but also the trended market of apps, and many concepts that are involved in the Online shopping such as what motivate people to shop online, the experience of shopping online, and the adoption to the online shopping. More detailed and directed to the main topic, shopping via mobile, order online and new self-service technologies are also concepts that will be approached in this section.

Internet World

The Internet usage has “transforming the world into a global village” with a huge increased in the past few decades (Ashraf, A. R., Thongpapanl, N. & Auh, S. 2014). Internet contributes in the total gross domestic product, in the developed world, with 5% to 9%, and in the developing world increases every year between 15% and 25% (Ashraf, A. R., Thongpapanl, N. & Auh, S. 2014).

Has been reported, by Internet World Stats (2016), that 50.1% of the world’s population uses Internet, number that is constantly increasing.

According to Internet World Stats (2016) survey, Europe is in second place regarding the number of Internet users with 614.9 million users.

As said, Internet is becoming a global phenomenon very quickly, changing the way that shoppers shop and purchase goods and services, but also is an opportunity for firms to reach the new and existing customers in a more efficient way (Kumar, A. 2016).

In the online world, 70% of the companies’ resources should be dedicated to create an amazing customer experience and 30% to promote the brand (Bezos, J. 1999).

Growth of Mobile Industry

A Study of eMarketer (2014) concluded that in 2016 is expected that more than one-quarter of the global population will be smartphone users.

Another study of Cisco Visual Networking Index (2014) says that in 2013 the average usage of smartphone increased in 50% and it is expected that 10 billion of mobile devices will be in the market by 2017.

Smartphones and tablets were described as “a revolutionary device for browsing the web, reading and sending e-mails, enjoying photos, watching videos, listening music, playing games, reading e-books and much more” by Apple (2010).

Mobile devices such as smartphones or tablets have specific attributes such as portability, networked, personal relationship with owners, instant information, textual and visual content and a mix of functions and services (such as navigation and e-mail) (Larivière et al. 2013; Shankar & Balasubramanian 2009). All these attributes makes the mobile devices an efficient marketing tool (Larivière et al. 2013; Shankar and Balasubramanian 2009), helping consumers to have the “life on the screen” (Joy et al. 2009), and also makes possible an “anytime, anywhere” basis interaction (Shankar et al. 2010).

The phenomenon in mobile phone technology has “created a connected network giving many opportunities for usage by consumers and businesses” (Pope, M. et al. 2011).

This mobile lifestyle gives the chance to brands to create relationships with their customers, giving an opportunity to improve these relationships by interacting with them on a personal and regular basis across time and space (Wang, R. J.-H, Malthouse, E. C. & Krishnamurthi, L. 2015).

Mobile devices are not just seeing as functional meaning, but are also considered as part of the culture (Bell 2006; Shankar et al. 2010).

The Proliferation of Mobile Apps

Due to the huge success of smartphones and tablets (smart devices), the mobile application markets (MAMs) has having a tremendous success nowadays, becoming one of the biggest markets in the economy (Chung, J. & Jang, S., 2015)

In 2013, 100 billion mobile apps were downloaded and it is expected that this number increase to 180 billion in 2015 (Gartner, 2013).

The use of apps is an innovation that is growing exponentially worldwide (Gerlich, R. N., Drumheller, K., Babb, J. & De'Armond, D. 2015), and this growing is innovating the way that information is delivery by e-tailers (Zeithami, V. A., Parasuraman, A. & Malhotra, A. 2002). The increasing of the apps is making the market very unsettled and competitive,

making app developers find ways to distinguish an app and make each one different from the others (Whipps, K. 2010).

In mobile applications, the customers (app users) interact in a real time and frequent basis with firms (app providers) and firms do the same with customers, what differs with the traditional markets (Chung, J. & Jang, S., 2015). Another aspect in where MAMs are different from the traditional markets is that the interaction systems of MAMs promote a continuous product innovation (Chung, J. & Jang, S., 2015)

In MAMs, since online postings between customers represent a dominant part of online word-of-mouth (WOM) (Chung, J. & Jang, S., 2015), it is expected that these postings influence sales performance of the product or service (Chevalier, J. & Mayzlin, D. 2006; Chung, J. 2011; Gupta, P. & Harris, J. 2005).

But this online WOM on mobile apps, not just have an impact on the sales but also in the speed of new product diffusion (Chung 2011).

The acceptance of customers regarding the apps usage is associated with customers' expectations that their smart devices (e.g., smartphones and tablets) have many features and mobility, that can replace the need for a desktop computer such as the instant connectivity, usable and useful apps, feature convergence, and multi-modal (several features at once) use not previously seen in desktop computing (Gerlich, R. N., Drumheller, K., Babb, J. & De'Armond, D. 2015). Also apps operate across different platforms what creates a very dynamic experience being better than a static experience, and apps are also context-aware (Gerlich, R. N., Drumheller, K., Babb, J. & De'Armond, D. 2015).

It is also important to talk about enjoyment when talk about the acceptance of the customers regarding apps, since the users' intention to use a new smartphone app is influenced by the enjoyment of this new app (Bilgihan at al., 2015; Nysveen et al., 2005; Park, Nam, & Cha, 2012). And of course, the success of any app depends on users' willingness to use the technology (Okumus, B., Bilgihan, A. & Ozturk, A. B. 2016).

A study found out that free app, higher initial popularity, continuous updates on app features and price and higher user feedback influence sales performance in a positive way (Lee, G & Raghu, T.S., 2014).

A key challenge in the app market is the rapid commoditization of apps, what can make it disappear (Weiser, 1993).

In the Restaurant Industry, the adoption of smartphone apps is changing its scenery (Wang, Xiang, Law, & Ki, 2015). As said by Hanks, Line & Mattila (2015) smartphones' apps can influence in a positive way the customer experience in the restaurant industry.

Motivation to Purchase Online

Burke (1997) defined online shopping as “the ability for consumers to order from home electronically (i.e., Internet) and have it delivered at their own preferred location”.

There are many factors that motivate people to buy online, and one very important factor is the convenience, since in online, before buy, people can search for specific information of the product/service any time anywhere (Kumar, A. 2016).

To online shopper, clear information about security and service, time saving buying online, convenience and the delivery on time are all very important factors for people buy online and factors that motivate people to buy (Upadhyay, P. & Kaur, J. 2013). Another very important factor that also motivate people buying online is that there is no crowd of people in the online shopping (Zuroni, M. J. & Goh, H. L. 2012).

Other factors, such as quality and quantity of the online reviews of the customers also have a positive impact on customer intention to buy (Park, D.-H., Lee, J. & Han, I. 2007)

In order to buy online, some cultures tend to take more into consideration the customer reviews of their reference group regarding the experience they had with the e-retailer (Kim, J., Yang, K. & Kim, B. Y. 2013.; Lam, D., Lee, A. & Mizerski, R. 2009).

In some studies is also possible to see that the communications between customers and firms and between customers have an instantaneous impact, being a motivation to customers buy online, having short-term effects to the companies (e.g. weekly sales), but no long-term effects (e.g., life time of the new product) (Chung, J. & Jang, S., 2015).

So, the online shoppers have two types of shopping motivations: the utilitarian and the hedonic shopping motivations (To, P.L., Liao, C. & Lin, T. H. 2007). Utilitarian shopper buy online based on their rational, efficient and deliberate decision (Wolfenbarger, M. & Gilly, M.

2001; Monsuwe, T.P., Dellaert, B. G. C. & de Ruyter, K. R. 2004) and buy based on a specific goal (Kim, Y. M. & Shim, K. Y. 2002).

Online Shopping Experience

The key success factors in the beginning of e-tailing were the web presence and also the low price, however some other factors were considered to be very important, because it were missing, such as the transactions that consumers could not complete, or the products that they ordered but were not delivered on time (Zeithaml, V. A., Parasuraman, A. & Malhotra, A. 2002). So, companies understood that they should focus more on the e-service to make people repeat purchase and to build customer loyalty (Zeithaml, V. A., Parasuraman, A. & Malhotra, A. 2002).

Since service in online shopping is very important, some criteria are used to customers evaluate the service quality delivery trough web sites (Zeithaml, V. A., Parasuraman, A. & Malhotra, A. 2002).

An important factor that brings a good experience in online shopping is the information availability and content (Li, H., Kuo, C. & Russell, M. G. 1999; Swaminathan, V., Lepkowska-White, E. & Rao, B. 1999; Van den Poel, D. & Leunis, J. 1999; Wolfinbarger, M. & Gilly, M. 2001; Zellweger, P. 1997), because when customers can control all the content regarding the relevant product information, their capacity to integrate, remember and use information is improved (Ariely, D. 2000).

Another important factor to delivery a service with quality is the ease of use, because for many people the online transactions are very complex but also intimidating, so the ease of use and the perceived usefulness can be a very efficient tool in order to adopt to new technologies (Zeithaml, V. A., Parasuraman, A. & Malhotra, A. 2002). So, in order to deliver a good usability of the website to the consumers, companies need to pay attention to some elements such as download speed, the design, the organization and the site's search functions (Jarvenpaa, S. L. & Todd, P. A. 1997; Lohse, G. L. & Spiller, P. 1998; Montoya-Weiss, M., Voss, G. B. & Grewal, D. 2000; Nielsen, J. 2000; Novak, T. P., Hoffman, D. I. & Yung, Y. F. 2000)

As said, the transactions via internet, in order to buy a product or service, are still very intimidating for many people, so security and privacy are the main key elements in the criteria of consumers to evaluate a good or bad service in the online services, having a good or bad impact in the online shopping experience (Culnan M. J. 1999; Culnan, M. J. & Armstrong, P. K. 1999; Hoffman, D. L. , Novak, T. P. & Peralta, M. A. 1999; Montoya-Weiss, M., Voss, G. B. & Grewal, D. 2000).

Friedman, B., Kahn, P. H. Jr & Howe, D. C. (2000), have clear different definitions of security and privacy. For them, privacy is the protection of their own information given to the e-store, meaning that this information cannot be shared with other companies, protecting their anonymity. Security is not the same that privacy, since security means protect the consumers of the risk of fraud and any financial loss regarding the use of credit cards or other financial information (Friedman, B., Kahn, P. H. Jr & Howe, D. C. 2000). Security has a very strong impact on consumers toward the use of financial services via internet (Montoya-Weiss, M., Voss, G. B. & Grewal, D. 2000).

Online Shopping Adoption

The number of online shoppers is growing in a very quick way as Internet adoption and the penetration levels increase (Colton, D. A., Roth, M. S. & Bearden, W. O. 2010; Ha, S. & Stoel, L. 2009).

The customers' attitude regarding the using of a new technology is influenced by the ease of use and perceived usefulness, which will influence the intentions of customers to use the technology, this is what the technology acceptance model (TAM) suggests (Adams, D. A., Nelson, R. R. & Todd, P. A. 1992; Davis, F. D. 1989). TAM suggests that behavioural intention is a direct function of attitude regarding usage (Davis, F. D., Bagozzi, R. P. & Warshaw, P. R. 1989). So, the users' acceptance, adoption and usage behaviour of a new technology depends on its functionality (considered the perceived usefulness (PU)) and on the ease or difficulty that its function can be performed (perceived ease of use(PEOU)) (Davis, F. D. 1989).

Researchers consider perceived usefulness as a key element of the adoption process to the technology in the word-processing software (Davis, F. D., Bagozzi, R. P. & Warshaw, P. R.

1989), social networking sites (Sledgianowski, D. & Songol, K. 2009) and a combination of different technologies (Calantone, R. J., Griffith, D. A. & Yalcinkaya, G. 2006). By the other hand, perceived ease of use is a key element to the e-commerce acceptance (Pavlou, P. A. 2003), that induce into a positive attitude toward the use of the technology and the use of the online store (Chen, L.-D. & Tan, J. 2004).

Some studies find that perceived ease of use has an important role in the beginning of the adoption process stage, but this importance decrease after the users are more familiar with the new technology (Adams, D. A., Nelson, R. R. & Todd, P. A. 1992; Ashraf, A. R., Thongpapanl, N. & Auh, S. 2014).

These results make sense with prior research of Adams, D. A., Nelson, R. R. & Todd, P. A. (1992) that says that people at different stages of adoption exhibit also different behaviors.

Technologies that are ease to use and that facilitate the transaction process, help users to complete tasks in a more efficient way and influence the perceived usefulness, than systems that are more difficult to use because an easy-to-use technology is more reachable (Gefen, D. & Straub, D. W. 2000).

Another important factor, besides PU and PEOU, in technology adoption is trust and it acts as a universal driver on the e-commerce adoption (Ashraf, A. R., Thongpapanl, N. & Auh, S. 2014). Trust in e-retailers is one of the main reasons that make people do not purchase online, because they see online transactions (Lynch, J. G. & Ariely, D. 2000) and the fact they cannot touch, taste or even feel the product (Pavlou, P. A. 2003) as risky (Lynch, J. G. & Ariely, D. 2000).

Trust has many definitions to many researchers. For McKnight, D. H. & Chervany, N. L. (2002), trust is the degree to which someone expects that a new technology is credible and reliable. By the other side, for Morgan, R. M. & Hunt, S. D. (1994) and Pavlou, P. A. (2003) trust is the extent to which the consumers believe that an e-retailer will meet their transaction expectations and will not be opportunistic in that transactions.

So, Friedman, B., Kahn, P. H. Jr & Howe, D. C. (2000), demonstrate how important trust is in the online shopping process because it helps people to be more confident in exchange money and personal information.

Studies of Ring, P. S. & Van de Ven, A. H. (1994) said that if customers trust in the platform, the transaction costs (time and effort) are lower between both parties to negotiate, reach agreements and perform a cooperative relationship.

Wu, I. L. & Chen, J. L. (2005) and Pavlou, P. A. (2003) showed that improve trust leads to successful transactions and also reduces behavioural and environmental uncertainty. The uncertainty, which is created by this lack of trust, shows the importance of trust and also creates a barrier to e-commerce adoption (Pavlou, P. A. 2003).

Initial trust gives to customers the idea that adopting to the online services is beneficial for them and that the service is useful (Gefen, D., Karahanna, E. & Straub, D. W. 2003).

Regarding TAM, trust influences perceived usefulness and perceived ease of use in a positive way, because as mentioned, existing trust reduces the effort that customers have to comprehend, follow and control the whole situation, and at the same time it make simple the purchase process (Chircu, A. M., Davis, G. B. & Kauffman, R. J. 2000)

Also culture is one very important factor in online shopping adoption because is believed to influence individual values and also affect behavior (Hosftede, G. 1980) and at the same time influences customers' innovativeness (Steenkamp, J.-B., Hofstede, F. & Wedel, M. 1999) and decision making (McCort, D. J. & Malhotra, N. K. 1993)

Also the social influence can be seen as a factor that will influence the way that customers react to a new technology since their behavior will be affected by the way they assume that others will see them after using the technology (Venkatesh, V., Morris, M. G., Davis, G. B. & Davis, F. D. 2003).

Consumer Behaviour on Mobile Shopping

The prediction for the overall revenue annual growth rate is 4% in 2015 through 2016 and mobile commerce is expected to grow 21% to 29% (Mulpuru, S., Evans, P. F., Roberge, D. & Johnson, M. 2013), expecting a substantial grow in the mobile shopping. A prediction of Delloite Consulting (Brinker, M. , Lobaugh, K. & Paul, A. 2012) says that, by 2016, \$31 billion of retail revenues will be transacted using the mobile devices.

For many customers, use a smartphone to shop is about save time and convenience, and this mobile convenience leads to purchase intentions and loyalty regarding a brand (Okazaki, S. & Mendez, F. 2013; Yang, K. 2010), and also increase the spending (Wang, R. J.-H, Malthouse, E. C. & Krishnamurthi, L. 2015)

M-shopping (shopping via mobile) as a tendency to increase as more customers acquire and become used to use smartphones and tablets to do it (Google Shopper Marketing Council 2013).

Mobile is a big part of daily routines of customers and regarding M-Shopping, mobile technology is a superior platform for a firm to create an habitual interaction from its customers (Wang, R. J.-H, Malthouse, E. C. & Krishnamurthi, L. 2015). These habitual interactions can be very important because as customer become dependent of it, they will automatically think and stop to consider other alternatives (Fazio, R. H., Ledbetter, J. E. & Lowles-Schwen, T. 2000). So, while customers become used to mobile shopping, they start buy with more frequency (Wang, R. J.-H, Malthouse, E. C. & Krishnamurthi, L. 2015).

Mobile shopping implies to pay also in the mobile device. For Pope, M. et al. (2011) mobile payment is “any transaction on a mobile handset where ownership of money change hands” and the remote payment can be made anytime, anywhere.

Mobile payments are a new opportunity in the applications world that gives an opportunity to banks, mobile network operators and retailers to distinguish themselves from the others, providing to the customers a new and alternative way of payment using just their smartphones (Pope, M. et al. 2011).

Despite what many people think, mobile payments offer a higher level of security and accountability, as not happen with cash (Pope, M. et al. 2011). PayPal, a way to pay online via credit cards, is having a huge success because of the online payment they provide, and this success make mobile payments be the next step in the evolution of payments (Stone, B., & Kharif, O. 2011).

Customers with lower income are the ones that are less likely to adopt to mobile shopping and the ones who live in big cities, where campaigns are present, are more likely to adopt to mobile shopping (Wang, R. J.-H, Malthouse, E. C. & Krishnamurthi, L. 2015). Gender is also an important factor when talk about mobile shopping, because people with 25 years-old or less are less likely to adopt to it than people between 26 and 45, however people with less

than 25 are more likely to adopt than people with more than 61 (Wang, R. J.-H, Malthouse, E. C. & Krishnamurthi, L. 2015)

Particularity of Ordering Meals Online

Nowadays people are becoming more used to go online to the restaurant's website or use the restaurant's mobile application (app) to order food and this behaviour is increasing over time (Shen, H., Zhang, M. & Krishna, A. 2016).

There is already a mobile app of Pizza Hut where customers can place order virtually and also an app of McDonald's that customers can order by the app, and then just need to pick up by the time s(he) arrives at the restaurant (Shen, H., Zhang, M. & Krishna, A. 2016). These examples show that food purchase is increasing its variety from desktops to mobile devices (Shen, H., Zhang, M. & Krishna, A. 2016).

When consumers order food and can directly touch what they want in the devices, meaning they use a touch interface to make their choices such as smartphone or tablets, called the direct-touch effect, this behaviour is automatic in the extent that people deliberate less and are more disposed to choose the affective food (Shiv, B. & Fedorikhin, A. 1999). When consumers are using this direct-touch device, the actions they make by using their fingers to choose the option they want, are the same actions they spontaneously stimulate in their mind when seeing the different options (Shiv, B. & Fedorikhin, A. 1999). So, choosing food by clicking in a mouse is less natural than pointing in food, and this method of choosing food may put people choosing in a more deliberative mode, such that their choices are more cognitively based (Shiv, B. & Fedorikhin, A. 1999).

In five studies, Shen, H., Zhang, M. & Krishna, A. (2016) found that making decisions in devices with a touch interface (e.g., tablet) results in consumers that choose more affective versus cognitively options in contrast with decisions made on touch interfaces (e.g., desktop with a mouse).

However, Kim, J. H., Aulck, L., Bartha, M. C., Harper, C. A., Johnson, P. W. (2012) find that people are not very comfortable with virtual keyboard that tablets or smartphones have, making people have lower productivity and higher discomfort in hand and neck.

Offering a touchscreen ordering option helps consumers' mental simulation of interacting with the choices available (Shen, H., Zhang, M. & Krishna, A. 2016).

Nowadays, some restaurants have touchscreen menus what make consumers to place their own order, reducing the service costs (Shen, H., Zhang, M. & Krishna, A. 2016). So, many restaurants will increase their use of computer interfaces because online presence, apps and touchscreen menus increase efficiency and this is becoming the business trend (Shen, H., Zhang, M. & Krishna, A. 2016).

Smartphone apps have the possible advantage of inform consumers about nutritional information and create awareness on health eating (Okumus, B., Bilgihan, A. & Ozturk, A. B. 2016).

New Formats: “Do It Your Self” technologies

With this huge increasing of the Internet, many firms are using technology to become different from the others and into their marketing and operations (Meuter, M. L., Bitner, M. J., Ostrom, A. L. & Brown, S. W. 2005).

In the services market is where this implementation of technology is more visible, that is a market that have a more personal contact between customers and employees (Meuter, M. L., Bitner, M. J., Ostrom, A. L. & Brown, S. W. 2005).

Self-service technologies (SSTs) is where technology has been reputable within firm-customer interface, having SSTs such as automated teller machines, pay-at-the-pump¹, automated hotel checkout, phone banking and internet transactions (Meuter, M. L., Ostrom A., Roundtree, R. & Bitner, M. J. (2000).

Despite the increasing of SSTs, firms know that are many barriers to customer adoption and obstacles to be overcome (Meuter, M. L., Bitner, M. J., Ostrom, A. L. & Brown, S. W. 2005). The most powerful obstacle is making customer to try the new SST for the first time, which can mean a change in behaviour in which some patterns can need to be changed (Meuter, M. L., Bitner, M. J., Ostrom, A. L. & Brown, S. W. 2005). In the SST situation, customers need to be coproducers of the service, with the responsibility to delivery to themselves the service and be satisfied with the service by their own (Bendapudi, N. & Leone, R. P. 2003), which engage customers in new behaviours. For example, in some supermarkets, customers are

¹ System used to people pay their fuel using credit or debit card in the filling station

given the option of scan their own items and paying for and bagging their own food without assistance (Meuter, M. L., Bitner, M. J., Ostrom, A. L. & Brown, S. W. 2005)

Technology readiness is the tendency to use new technologies for achieving goals in home life and at work as said Parasuraman, A. (2000), and consumer readiness is a condition in which consumer is prepared and ready to use an innovation for the first time (Meuter, M. L., Bitner, M. J., Ostrom, A. L. & Brown, S. W. 2005).

Consumer readiness as to follow three attributes: role clarity, motivation, and ability (Meuter, M. L., Bitner, M. J., Ostrom, A. L. & Brown, S. W. 2005).

Successful SST make customers know what is expected of them (role of clarity), being motivated to engage, sometimes, in different behaviours and motivated to use new SSTs (motivation), and also having the knowledge and skills to use it (ability) (Delande, S., Gilly, M. C. & Graham, J. L. 2004; Schneider, B. & Bowen, D. E. 1995).

Some studies revealed some interesting information about these three attributes. First, about the clarity role, a study found that 89% of the firms reported problems of either staff or customer confusion (reduced role clarity) in relation to new services or products (Easingwood, C. J. 1986). So, potential users of an SST who do not understand what do are unlikely to try the SST (Meuter, M. L., Bitner, M. J., Ostrom, A. L. & Brown, S. W. 2005).

Regarding motivation, customer motivation to use new SSTs and their capacity to perform has been shown to be very important factors in levels of motivation for both employees and customers in the services market (Larsson, R. & Bowen, D. E. 1989). Some feelings are important motivational factors that are related with the use of SSTs such as prestige, accomplishment, personal growth and pleasure from engaging in the activity (Rogers, E. M. 1995). Also users are motivated by the price discount, time saving using the SST and other extrinsic advantages (Dabholkar, P. A. 1996).

Ability is the third important factor in what is important to have a successful SST, because is very important to consumers have the necessary skills and confidence to perform a task (Ellen, P. S., Bearden, W. O., & Sharma, S. 1991; Jayanti, R. K. & Burns, A. C. 1998).

The key reasons that make people do not try the new SST service for the first time is the lack of “consumer readiness”, meaning that, if consumers do not understand the role of the SST (role clarity), if they can not see the benefits of using it (motivation) or if they believe they are not able to use it (ability) they do not want to try the new SST, even if consumers have a

positive evaluation of an innovative service (Meuter, M. L., Bitner, M. J., Ostrom, A. L. & Brown, S. W. 2005).

Case Study

Intro

The first contact with the Levoo team was made only two weeks after the beginning of Levoo, a new app launched by Anna Arany team that promises to be a revolutionary app in Portugal. Until June 2017, Levoo wants to be present in 8 different shopping malls with many restaurants as possible, and for the company this just can be possible with some market research.

To create a successful app, Anna and her team need to understand the Portuguese market, studying what can be the benefits and limitations of the app in the market and also to understand the best way to promote the app. It is also important for them to understand what are the main factors that make people buy and pay via app.

Trends On Portuguese Mobile Industry

People are becoming more used to the use of the Internet. In 2016, 71% of the Portuguese people access the web, but only 59% use it in a daily basis.

The smartphones' market has a big potential that is increasing every year. Nowadays, 59% of the Portuguese people use smartphones figure that increased since 2012 in 41%

Regarding the Mobile World, Millennials are the most technological generation with an intensive use of the web in the smartphones. In a business context, this translates in bigger online sales.

Plus, studies of *Consumer Barometer*² reveal that Millennials between 16 and 34 years old are not only digital (going to social networks, search and shop online, and so on) but also mobile because they are doing more and more the tasks that they do in the computer, but in their own smartphones. 90% of Millennials go online daily to browse, shop and check the social networks platforms, and also 75% of Millennials go online via smartphones at least as often as computer.

According to Joana Bernardes, Levoo's Marketing Manager, the digital platforms are the solution to satisfy the restaurants' and consumers' needs. Along with the market trends,

² <https://www.consumerbarometer.com/en/stories/millennials>

Joana believes people are more and more connected to the digital and are taking advantage on the benefits of the web.

Competition Analysis

Despite Levoo is offering to the consumers an innovative service in Portugal, it has some competitors that offer a similar service in the order and pick up in the store. So, the main competitors on it are *Telepizza* (with the website and app customers can order and then have the option to pick up in the store), *Domino's Pizza* and *Pizza Hut* (for both, there is the website that offers to the customers the option of pick up in the store).

On the other side, there are some competitors to the delivery service, including the same of the take-away service (*TelePizza*, *Domino's* and *Pizza Hut*), but also *noMENU* and *Comer em Casa*, that Levoo considers the two major threats for them.

However, regarding the order and pick up service using an app and offering a big range of different kinds of food, Levoo is a pioneer in this idea, giving them the first move advantage in this business.

In order to understand how Levoo can be the best in the market is important to understand the strengthnesses but also the limitations of the main competitors.

Starting by *Telepizza*, *Domino's Pizza* and *Pizza Hut*, the main strength is that they are always available to their clients, but the main limitation is the fact that the three companies just offers pizza to their customer

Regarding *noMENU*, the main strength is it power nowadays in the Portuguese market but also their offer in the big range of food that offers, not just focus on shopping malls restaurants but also to street restaurants. The main strength of *Comer em Casa* is also the variety of food they offer. However, the limitation of these two companies is the fact of the delivery time, which takes up to one hour to deliver the meals.

A baby app: Levoo

Levoo is a new-born start-up in Portugal that gives to consumers the opportunity to save time on their daily basis. It consists on an app launched in September 2016, which offers a delivery and an order and pick up service, with a payment exclusively via app (with credit card or PayPal).

But what really is Levoo?

Through Levoo's order and pick up service, customers can order their meals to take away or to eat in the food court of the shopping malls. To order anything through Levoo, the customer just needs to download the app, choose the restaurant and the meal, then a message with the order is sent to the chosen restaurant. Then the restaurant just needs to send to the customer the predicted time when the meal is ready. When it is ready, Levoo sends another alert to the customer to collect their meals (Appendix 2 and 3)

In order to improve their customer service, Levoo is planning to have in its app, in the future, the option of *order in advance*³.

Although still not completely developed, the start-up will offer a delivery service as well. According to them, it will differentiate itself from the competitors' delivery offers since they will operate in a radius up to 2 km of the customer's address, thus revolutionizing the food delivery market in Portugal.

In the delivery service the process will be similar: the client asks for the order using the app, then the client receives an alert informing about the estimated time that will receive the order and finally the client receives another alert saying that the meal is on the way. The process is very simple and keeps the client updated about the status of the order (Appendix 4).

Levoo promises to customers a maximum delivery time of 30 minutes. However, this is a project that Levoo is not really working a lot on it since they want to have the order & pick up service working in a fluent way.

In both services, Levoo has partnership with the restaurants that they are associated with.

³ People can choose an hour and in the chosen schedule just need to collect the meal

How this idea came up?

Levoo team understood that people spend a lot of time to eat in the queues (two days in the half per year) or simply just give up to go to a place they like because of the length of the queue. As one of the founders of Levoo, Anna Arany, said “Why spend a lot of time in the queues if it can be economized?”, and this is the main reason why Levoo exists. Since the beginning they believe that this problem can be improved and for them this is an opportunity once it is a market that is not much explored.

They want to give to consumers the opportunity to “eat in the same places as usual without losing time in the queues” as said Anna Arany.

Despite the problems they found in Portugal related with the time spend in the queue and the market not much explored, they also saw some problems in the competitors regarding the delivery service and at the same time, a good opportunity for Levoo.

First they looked to their main competitors that are very important and crucial in any business, and for them *noMENU* is their main trait in the market also because it is having a huge success in Portugal. Levoo checked that *noMENU* has 2 Million euros of revenue just in Portugal, however they can see some problems in their business such as the time they spend in the delivery process (approximately 1 hour), what makes Levoo thinks that this market could be exploit.

Anna Arany, as already mentioned, is one of the founders of Levoo but also founding partner of *Noori Sushi*, and she has a lot of experience in the delivery market since all over the years she worked with many partners of food delivery such as *noMENU*, *Just Eat*, *Deliveroo*, *La Nevera Roja*. All this experience in this market gave to her the best elements of each of them and also the main problems and failures. Thinking of it, she wants to offer to the customers a more efficient service regarding the delivery service, mainly regarding the delivery time. So, these were the main reasons that gave to Anna the idea of also include in Levoo the delivery option.

In order to move on with the idea of Levoo, the company also looked to some successful examples in the international market, with similar apps such as *Deliveroo* (just have the delivery service) and *Just Eat* (with 247.6 million pounds of revenues in 2015, both delivery and order and collect services as Levoo), and Levoo could see how successful they are and an

opportunity to implement the business in Portugal once there is a flaw in the Portuguese market.

So, for Levoo is very important that when people need to save time and want to avoid queues in the restaurants, remember immediately to use the app, because make their lives easier, but at the same time consumers do not have to pay an extra cost for that, they will pay the usual price as they go to the restaurant.

The team believes that the delivery service and the order and pick up service in an app are innovative and very important in Portugal, solving many problems of busy people but also of non busy people.

The present of Levoo

Levoo started in *Amoreiras Shopping Centre* with the order and pick up service, when they are testing the concept in order to understand the responsiveness of the customers. But they are also having a small presence in other Shopping malls (in one restaurant on each) such as Monumental Saldanha and Saldanha Residence.

Despite the Portuguese people is very curious about the apps' market, many people download apps but just a small percentage of these people use the downloaded apps, and the ones that use it, just use 23 days after downoald, mentioned Anna Aranny.

In the first week of "life" of Levoo, 700 people downloaded the app (400 in iOS and 300 in Android systems), what exceeds the expectations of the company. In terms of sales, an average of 4 to 5 purchases were made per day, remembering that they were just present in one shopping mall what could be a limitation for other people that have downloaded the app but were not clore from *Amoreiras Shopping Centre*.

Who order by Levoo?

For Levoo there is no age to use the app, people just need to have a smartphone or tablet and of course, need to have the app in the devices. For Anna, the main consumers of Levoo are

people that use Internet, smartphones or tablets but also credit cards or Paypal, mainly people that is very related with the technology. Levoo team says that “people that use Uber will certainly use Levoo”.

More than just modernized people who use technology, Levoo also aims the use from people who do not like to waiting in queues or do not have much time to wait, but also people who want and need to save time on their daily basis life.

Since they are present in *Amoreiras Shopping Centre* and in Saldanha area, in this moment their main target is people that work (so they have no much time to eat) and people that are near *Amoreiras* and Saldanha.

Levoo's Competitive Advantage

But why will people prefer Levoo instead some other companies? Levoo pretends to facilitate the life of the consumers by saving time when they want to eat in the local or even take away, what is a factor that no other company in Portugal can offer.

Besides saving time, Levoo helps people do not wait in the queues. Customers can choose the restaurants immediately (do not need to quit the restaurant they want because of the number of people waiting), there are no exchanges nor “real money” involved since client pays via app, and also Levoo can guarantee that there are no paper receipts since the bill is electronic.

Regarding the delivery service advantages: the buying process of Levoo has just 3 steps, the interface is very simple, the delivery time will be faster (in some competitors they spend more than one hour to deliver the meals) and last Levoo provides training to people who make deliveries.

For João Centeno, Operational Manager of Levoo, there is four strong points that make them better than the competitors. First, as already mentioned, Levoo offers to customers the possibility to save time, then there is no extra cost of ordering using the app, everything is centralized in a smartphone or tablet and last the fastness of the delivery service.

Trust communication of Levoo

The main limitation of Levoo in Portugal is the fact that for Portuguese people are reticent on these kind of services where people need to pay online or even order online, so Levoo needs to try to make people trust on them.

To create this trust between Levoo and the consumers, they already have some strategies in mind and some other are implemented.

First, they are trying to associate with the restaurants of the shopping that have more strength in the market and that have a stronger image to the customers. By the same reason, Levoo is also associated with Paypal that is a system that people are starting to use a lot to complete online payments, so people are getting used to.

Also, they understand that Word-of-mouth is the best channel to make people trust in new products or services, even more if they are totally new. In order to create this trust relationship, they are planning to implement a system where their clients, called “ambassadors”, will get promo codes that they can give to their friends and family to promote the brand and make more and more people use it.

Communicate Levoo

Despite the communication in order to people trust in Levoo, there is other marketing campaigns implemented.

As was said by Joana Bernardes they “want that people always recognize and never forget Levoo”. In order to be present in consumers mind, Levoo is communicating the brand in the point of sale with flyers, making the restaurants give flyers to the clients (Appendix 5), and they also use the elevators (Appendix 6), screensavers and trays (Appendix 7) to promote the brand.

Also Levoo was present in the *WEB SUMMIT Lisbon 16* (Appendix 8) with an event promoter (Appendix 9) in order to be present as a technological brand and show itself to the more technological people.

Moreover, Levoo is also present on Facebook and Instagram, where they post images and some texts to promote the brand but also use the Paid Media, paying to be featured on Facebook page to promote themselves (Appendix 10).

After Levoo expand to other shopping malls, they want to use bloggers in order to promote and talk about the app, giving to them also promo codes to give to their followers to make as many people as possible to start using the app. Also, Levoo wants expand to all the country and be bigger, and when it happens, the company wants to communicate the app in the press and use recognizable celebrities in Portugal.

Levoo's Challenges

Levoo has many projects in mind in order to be bigger and to be strong in the market and also many challenges in order to achieve that.

Once Levoo is a very recent app and also a very innovative concept in Portugal, it is important to understand very well the potential clients and how to deal with them in order to fit with all their needs, so know the target is a crucial part of the business.

Also another challenge is that this start up wants to expand the business to fulfil more clients as possible. For that, until June 2017 Levoo wants to be present in more four shopping centres in Lisbon (Vasco da Gama, Armazéns do Chiado, Cascais Shopping and Saldanha), and in the future they want to be in a more wide area, on the periphery of Lisbon, having as strategy the expansion to all over the country.

For these reasons, it will be very important to do a market research to analyse the responsiveness of the customers but at the same time the benefits and limitations of these kinds of apps.

Market Research

Methodology

In order to better understand the responsiveness of Levoo to the consumers, some market research were made. Two focus group and a survey were made in order to answer to the Research Questions previously defined.

Focus Group

Two focus group were done with some questions in order to understand, in a more real way, the responsiveness about the app, the best way to promote the brand and understand the competition. Each focus group took around one hour to be completed.

One focus group is composed by 7 students with ranges of age between 22 and 30, mixed between male and female. The other focus group is composed by 7 workers with also ranges of age between 22 and 30, mixed between male and female. These ages were chosen for both groups because were people that will use more these new kind of technologies and that Levoo believes that will be their main consumers.

The Focus Group questions (Appendix 11) are related with the use of apps, but also the behaviour of the participants regarding the online shopping, the behaviours when eat in a shopping mall and their perceptions on Delivery Service in Portugal. Then questions more specifically about Levoo were made, showing them a video with an explanation about what Levoo offers and also showing to them the app in smartphones.

Survey

A survey was also made in order to have a bigger range of people and to have more results to analyse.

The survey was distributed online through social networks and also using e-mailing. The survey it was active for two months and during that time 248 responses were collected.

The themes in the survey (Appendix 12) are very similar with the ones in focus group once the information that is needed is the same in both cases. So, in the survey were made questions about the apps in general and how people evaluate them, and then questions about

Levoo in order to understand the responsiveness of the app to the respondents, and also the responsiveness to the new delivery service.

Results

Behaviour regarding Apps and Online Shopping

Regarding the use of apps of the participants of the focus groups, some questions about that were made in order to understand their preferences and choices.

In both focus group, all people are used to download apps with frequency, and the main apps they usually download are game apps, social media, transports apps such as *Uber* or *My Taxi*, journal apps but also food apps as *Zoomato* or *The Fork*. For the participants, the reason they download apps is because they consider the apps as useful for them.

Usefulness, speediness, easy to use and price are the key characteristics that the participants value most in an app.

In both focus groups, they are not used to use apps as a shopping tool, just one person said he/she is used to use *Uber* and also apps to book hotels. Usually when they download an app is because they heard from their friends or because they saw the advertisement in some other app they were using.

Most of the people in both focus group (10 out of 14) already bought online and the experience for ones was good but for others was bad because the order did not arrive at time or because the order was not what they were expecting. The people that never bought online said “I never bought online because is needed a credit card and I do not have one” and “I never bought online because I do not trust in paying via internet”.

Regarding the results of the survey, 74,35% of the respondents trust in apps as a shopping tool and the remaining 25,65% that do not trust (Appendix 13) is mainly because of the fact that they do not trust in pay via app (41%) and because do not have a credit card (25%) (Appendix 14). A small percentage of them, 14%, do not trust in use an app as shopping tool because they do not know the company.

The respondents have some preferences about what value most and less in an app. The two attributes that respondents value most (meaning the attributes that participants ranked in the 1st place) are the usefulness that the app have in their lives (44%) and the price of the app (28%), and the two attributes that respondents value less in an app (the attributes that

participants put in 6th place) is the adaptability of the app to different devices (63%) and the design of the app (24%) (Appendix 15).

As any product or service, there is always the best way to promote them and make people know about it. For that, a question about how participants usually know about an app was asked, and 36% of them said that knew about the app by their friends or family and 35% of them was via social networks such as Facebook, Instagram, Twitter. Also can be seen that the use of celebrities (1%) the point of sales (7%) and blogs (3%) are factors that not make people download an app (Appendix 16).

Consumer Behaviour when Eating at a Shopping Mall

In the focus groups were made questions about consumer behaviour when eat in a shopping mall, and some conclusions can be made.

When the participants need to choose the restaurant they want to go, all of them follow a similar decision-making process. They start by looking at the restaurants that are more “in line” with their tastes, then they see the ones that do not have a big queue, because if it has a big queue, they do not go and quit of that restaurant. However, in the focus group of the students, they mentioned the price and the most popular restaurants as criteria to choose the restaurant when eat in a shopping mall, and by the other side, in the focus group of the workers, they mentioned how the restaurant look like as a factor when they need to choose one. The problem of big queues that sometimes can be seen in the restaurants of the shopping malls, is the main reason that make the participants to give up of eat in the restaurant they want.

Regarding the survey, 87% of the respondents already quit to lunch/dinner in a shopping mall because of the length of the queue, and just 13% never quit a queue (Appendix 17). However, 94% of the respondents that already quit to lunch/dinner in a shopping mall because of the size of the queue, also would like to order their meals in advance if had that chance; and 89% of the respondents that never quit to lunch/dinner in a shopping mall because of the size of the queue also would prefer to order their meals in advance if had that chance (Appendix 18). So, the size of the queue is not a factor to make people want to order in advance a meal, since they will want to order any way.

About Levoo – Order and Pick up Service

The participants were presented with an explanation video⁴ in order to better understand what is Levoo. After the visualization of the video, they were asked about the first word that come to their minds about Levoo. The words mentioned in both focus groups were facility, help (regarding the time save) and speediness.

Many of the participants of both focus group (5 out of 7 in students focus group and 7 out of 7 in workers focus group) were willing to use this app, however in the students focus group some people (2 out of 7) said that it depends the time they have because they consider this app more focused to people that work and do not have time to wait.

Having in consideration just the video they saw, 13 out of 14 participants think that Levoo is an app that is very easy to use and useful.

Students and workers imagine themselves using the app for different situations. For students, they see themselves to use when they have too study a lot and do not have much time to stop to eat, on the weekends or Christmas time when the queues on the shopping malls are bigger, or simple when they do not have much time. For workers, they could use the app when they do not have much time to lunch in their lunch breaks and do not want to spend time waiting for the food or when the queues are too big.

The students' focus group compared Levoo with some other apps such as *Telepizza* and *Continente* (when people buy online and then just need to go to the supermarket to pick up- *Continente Click & Go*). The workers focus group mentioned *Uber* as an app that can be comparable with Levoo besides the ones that the students' focus group also mentioned.

Some people of the focus groups (5 out of 7 in students focus group and 6 out of 7 in workers focus group) consider as an advantage the payment method of Levoo (paying using credit card or PayPal), because it is safer and people do not need to have money with them. However, all of the participants on both focus groups could see some disadvantages on the payment method that Levoo offers. Firstly, do not have the option of paying in the restaurant what they consider that can be a restriction for many people. Secondly, they consider a disadvantage the payment with credit card or PayPal when people do not know the restaurants and cannot see the food and it can be more difficult to pay without see and without know the restaurant.

⁴ <https://www.levoo.pt/>

The respondents also gave some ideas of what can be improved in the app, just based on what they saw in the video. The students' focus group said that Levoo could offer discounts to the clients (for example, after a predefined number of meals in the associated restaurant, Levoo could offer one meal) and could also offer the method of pay in the store. By the other side, the workers group said that Levoo could have the option of pay via debit card, could have in the app more restaurants associated besides the ones in the shopping malls (restaurants outside shopping malls) and could be associated with supermarkets with the same system.

After question them based on what they saw in the video, the app was shown to them in smartphones.

After see the app and explore it, both groups said "The app seems very simple and easy to use, like it a lot". However, the two groups suggested some improvements. The Students Group suggested three improvements: Levoo should have photos of the meal to each menu, should have the social component (for example, people share the place they go, or see the valuation of their friends about the restaurants) and also have a list of the favourite restaurants. For the workers group, Levoo could have more restaurants associated and could also be present in more shopping malls.

Both groups saw that could exist an opportunity to use this system in other businesses such as to buy tickets (soccer, concerts), to banks, Post office and transports.

For the participants, there are some aspects that can make them delete the app of their smartphones.

For Students Group the fact that they do not use the app, the app does not work well or bad experience with the app are all reasons to delete the app of the smartphones. By the other side, for workers group the reasons to delete are also the bad experience (delay on the preparation of the food, food with bad quality,...), remove extra money from the credit card and the app stop working when they are using it.

Regarding the survey, some more quantitative results and conclusions can be obtained. A video was showed to participants in order to answer some questions about Levoo based on it. 83% of the respondents (more than half of the respondents) consider Levoo an interesting app (Appendix 19) and 86% of the total of the respondents would like to download the app (Appendix 20). Regarding some parameters, 64% of the respondents evaluate Levoo as totally modern, also 64% of them evaluate it as saving time, 50% said that the app seems easy to use and 52% that the app is useful (Appendix 21).

Having into consideration the prediction time that Levoo offers as an alert on the smartphones, 78% of the respondents believe in these kind of estimations and 22% of them do not believe (Appendix 22). However, if this estimation is not right and Levoo delays in the time that the meal is ready, 56% of the respondents do not want to use the app again and 44% of them would be able to use Levoo again (Appendix 23).

After see the video, respondents were asked to rank from 1 to 7 by the importance level some attributes regarding Levoo. The most important attributes of Levoo for them are the fact that the app is free (77% said that free app is very important), the fact that Levoo is saving time (54% said that saving time is very important) and the payment method (51% said that payment method is very important in an app as Levoo) (Appendix 24).

Regarding the relationship between the occupation of the respondents and the level of interest of the app, 59% and 53% of the people that consider Levoo interesting and very interesting, respectively are workers and 25% and 28% respectively are students (Appendix 25).

However, the respondents also mentioned some limitations that can make them quit the app. The main limitations that can make them quit Levoo is if the restaurant forget their order (30% of them said that) and the fact that they need to pay with credit card or PayPal (27% of the total) (Appendix 26). Also the fact that the order is ready with a delay and the app fails when they are ordering the meal, are also consider limitations but not with a big weight (17% and 20%, respectively).

Some businesses can also use these kinds of apps, where people can “order” and then arrive and use it, even if it is not related with food. Loja do Cidadão (31% of the respondents), Supermarkets (23%), Pharmacy (21%) and Post Office (CTT) (20%) are the main businesses where the app system could be useful (Appendix 27).

Delivery Service

When talk about delivery service in Portugal, the names that are remembered by both focus groups are *noMENU*, *Domino's* and *Telepizza*.

Regarding the main competitor of Levoo in the delivery service, *noMENU*, just one person in students focus group said that already used it, and could give mainly negative points such as the price they charge that is really high, the order took a lot of time to arrive at home/work and the food does not arrive with a good presentation.

In the workers focus group, 5 out of 7 said that already tried *noMENU* and also mentioned some negative points such as the time that customers wait for the meal and the high price they practice. But this group mentioned one positive point that is the convenience of the service once people do not need to cook or go out of the place they are. So, for both groups, the negative points are what the company should improve.

Regarding the delivery service in Levoo, most of the participants of both groups (13 out of 14) said that they are willing to change from the old company they use to Levoo. The main reasons that will make them change is the price that will be lower (once as explained to them Levoo will offer to customers a fixed fee of delivery, not a percentage of the final payment as *noMENU* does), and also because Levoo guarantee a delivery time of 30 minutes (as opposite of *noMENU* that guarantee a delivery time of 60 minutes). Just one person of workers focus group said that were not able to use the delivery service of Levoo because of the fact that with Levoo just can pay using a credit card.

At the end of the Interview, participants were asked to give some ideas of what can be improved in the delivery service in Portugal. In the workers focus group, they mentioned the fact that the apps could have a system where they use the localization of the people (instead of customers give the address), the companies could be more honest regarding the estimated delivery time and if the delivery time they estimate exceeds what they say, the company should offer the meal.

In the survey were just asked two questions in order to understand the relationship of the customers with the main competitor of Levoo, *noMENU*.

With the survey, was found that 82% of the respondents never used *noMENU* to order their meals, while just 18% used it (Appendix 28). The respondents that used *noMENU* found many limitations on their service, such as the delivery time that is too long (40% of them

mentioned it) but also the quality of the food that arrives cold or with bad presentation (22% of them) (Appendix 29). Moreover, 9% of the respondents answered “other” and all of them mentioned the price because of the extra fee that customers need to pay that they considered too high.

Conclusions

The main objective of this thesis is to analyse and study the responsiveness of the people to the new app launched in September 2016. Take into consideration the case study, literature review and the market research, the problem statement and all the research questions will be answered in this section.

RQ1) What are the attributes that Levoo needs to have in order to make people use it, and how important is the user-friendly and usefulness of the app?

There are some attributes that an app has to be that make people download and use it. In order to people download and continue to use Levoo, it has to have the attributes that people value most in an app. The three attributes that are valued most are: first the usefulness of the app, then the price of the app and last the easy to use of the app. After all market research done, it is possible to see that in the specific case of Levoo, the most important attributes match with the attributes that people value most: the fact that Levoo is free, helps saving time (can be related with usefulness, once if save time to people it is an app that is consider useful for them) and the easy of use that the app can offer. So, in order to offer a better service to the clients, Levoo needs to follow these attributes.

Based in the literature review and in the market research done, the user-friendly and the usefulness of the app are very important factors to make people try and use a technology. Technologies that are easy to use influences the perceived usefulness of the app and also if it is easy to use the probability to reach more people is higher, and it helps in the adoption and acceptance of the use of a new technology. Also, could be seen that usefulness and easy to use of the app are the most important factors that people value most in an app.

So, if customers perceived that the app is easy to use and usefulness, they will want to try it and download it.

RQ2) How important is the trust relationship between Levoo and the client?

As saw in literature review, trust is a very important factor in the new technology adoption process.

Trust in the company, or the lack of it, is the main factor that make people do not buy online because for many people the online transactions are seen as very risky, and if the trust fails, people do not buy online.

Taking into consideration the market research that was done, it can be seen the people that do not trust in apps as a shopping tool is mainly because do not trust in pay via app or even online, and people that do not trust in pay online, never bought online. Also one of the factors that can make people quit the app is the fact that the company removes an extra amount of money of the credit card. So, if there is no trust that Levoo will not remove this extra money, people will never use the app.

Levoo team considers trust very important because they believe and know that Portuguese people are not very receptive to new services where the online payment is needed. The team believes that trust is so important that they are investing in communication strategies as much they can to make people trust on them.

Once the only way of payment of Levoo is using credit card or PayPal (meaning, the only way that Levoo offers is online payment), the trust is very important.

RQ3) What are the main benefits and limitations of this app to the consumers?

Taking into consideration all the market research done (focus group and surey), many conclusions regarding the benefits and limitations of this app can be obtained.

Levoo offers some benefits to consumers such as convenience because people do not need to be in queues waiting for the meals, the fact that Levoo helps consumers to save time by do not having to spend time in the queues and the usefulness of the app.

However Levoo has some limitations to the consumers such as the payment method because not all people are willing to use credit card or PayPal to pay, the fact that they are just present in a small number of restaurants and shopping malls limiting the number of customers and also if the restaurant/Levoo forget the order, these are all limitations that can make customers quit the app.

RQ4) What are the other possible businesses where Levoo system can be useful?

Levoo has other possible businesses or areas, even if they are not related at all with food, where the same system can be very useful and beneficial to people, giving to Levoo an opportunity to use the same system and help people to save time in other businesses. The possible businesses where Levoo's system makes sense are the *Loja do Cidadão*, Post Offices (CTT), Supermarkets, an app to buy Tickets and also in transports.

RQ5) How to promote Levoo as an app?

Despite Levoo is already promoting the brand with their presence in Social Networks (Facebook and Instagram) and promoting themselves in the point of sales with flyers and others, it is important to understand the best way to promote an app regarding the preferences of consumers.

The app market is a very specific market in terms of promotion and getting to know a product or service. Because of that, the market research was done in order to better understand how people that usually download apps know about that apps that they download.

People that download apps, usually download it because heard from friends or family talk about the app but also because they see the advertisement about a new app in other app they have and are using or playing it, so WOM is a very important tool to promote Levoo. Also social networks such as Facebook, Instagram or Twitter are powerful tools to promote an app. However, the promotion in point of sales, use of celebrities and blogs do not have much impact on consumers and do not make them to download an app.

Limitations and Future Research

In this thesis, some limitations on the primary and secondary data were found.

The first limitation was regarding the focus group because, even doing two focus group, the number of participants was really short, not being enough to cover all the population to analyse and have some consistent conclusions.

Another limitation I found is related to the survey because, even I tried to distributed in a more randomly way having a similar number of women and men, there was a lot more

women (near 70%) than men (near 30%) (Appendix 30). Even if Millennials is considered the most attractive segment to the use of apps, almost 60% of the respondents have ages between 18 and 25, what can result in a bias in the sample (Appendix 31). All these limitations on primary data are a result of the way that survey was distributed, mainly by social networks. In what concerns secondary data, it was very difficult to find information about food apps and the behaviours of the consumers toward apps in general.

To future research, more studies can be done in order to understand the responsiveness of consumers to Levoo. For that, studies in a more detailed way, such as analyse the number of clicks or even in which place people click more in order to understand the behaviour of the customers when they are using the app and searching for the meal. Also, once the sample size in the survey and focus group is not too large to cover the population in Portugal, more information can be collected, doing more focus groups and increasing the sample size of the survey.

Recommendations

This study can help the company to have some ideas in order to improve and attract people. Levoo could add pictures of each menu, showing photos of the meals, once vision is a strong sense that can make people order.

Despite Levoo has already in mind the implementation of the system to order in advance a meal with the day and time they want, with this study it can be proved that a lot of people would like to have this option.

Levoo has the concept of just want to be a more technological and modern company, with just the use of the technology even to payment (credit card and pay pal), many people talk about the payment method as a restriction to use the app (because do not have credit card, or do not trust in pay via internet) and some people, in the study, gave the idea that Levoo could have the option to pay in the store, so Levoo could think in implementing the in-store payment method.

Levoo could continuously use social networks such as Facebook and Instagram in order to promote the brand and make people download the app, once social networks is one of the main tools that make people download an app.

An important way to promote Levoo is the Word-of-mouth, since is the key tool that makes people download an app and use it. As a recommendation, the way of do it is to guarantee that Levoo offers a good service to their clients and that offers a first good experience, and show to customers what they can gain with the use of Levoo.

Teaching Note

Synopsis

Levoo was founded in September 2016 as an innovative and technological company that offers an innovative app in Portugal that will help customers to save time in their daily basis life. Levoo offers the possibility to customers order, via app, and then just pick up their meals when it ready, offering to them a new convenience service.

Moreover, Levoo will offer, in the future, a delivery service, that despite having a lot to be explored in market, there are some other companies that also offer this service in Portugal.

Levoo is expanding the business to be present in many shopping malls in order to help more people as possible to save time.

This case study focuses on how the idea of Levoo came up, how it works and mainly the communication that the company is doing nowadays and how it will reach more people to use Levoo.

Target Audience

The main topics covered in this case study are strategic marketing, promotion and online shopping. This case study can be studied by undergraduate but also master students since they take courses that are related with cover topics, once it covers concepts as promotion and positioning.

Teaching Objectives

Levoo's case study has relevance for management and marketing students, such as:

- Understand the Mobile Industry in Portugal
- Understand the competition of Levoo in Portugal
- Be close of what Levoo can bring to customers
- Approach a real and new company case that is in the beginning of its life
- Understand how a innovative and new app is promoting itself

Teaching Plan

1. What is the perceived brand image of Levoo and the desired positioning?

Regarding the desired positioning that Levoo wants to achieve, this information can be found in the section “Case Study”, in the “How this idea came up?”. The perceived image of Levoo can be found in the section “Market Research” in the “About Levoo – Order and Pick up Service”.

2. What are the key factors that bring Levoo’s differentiation and competitive advantages?

This information can be seen in section “Case Study”, in the “Levoo’s Competitive Advantage”.

3. Refer to the level of differentiation regarding Levoo payment method and explain how important is this factor reinforce the relationship between Levoo and customers?

Can be seen in the section “Case Study”, in the “A baby app: Levoo”, the differentiation factor in this industry, that Levoo offers regarding the payment method. The importance of the payment method can be found in the section “Market Research Results”, in the “About Levoo- Order and Pick Up Service”.

4. Levoo wants to promote the brand by using bloggers, giving to them promo codes to provide to their followers. Based on the information you have, do you think that it is the best strategy to promote Levoo?

The best and worst strategies to promote Levoo, an app, can be found in the section of “Marketing Research Results”, in the “About Levoo- Order and Pick Up Service”.

5. What is the Technology Acceptance Model (TAM)?

The explanation of TAM can be found in the section “Literature Review”, in the “Online Shopping Adoption”.

Appendices

Case Study

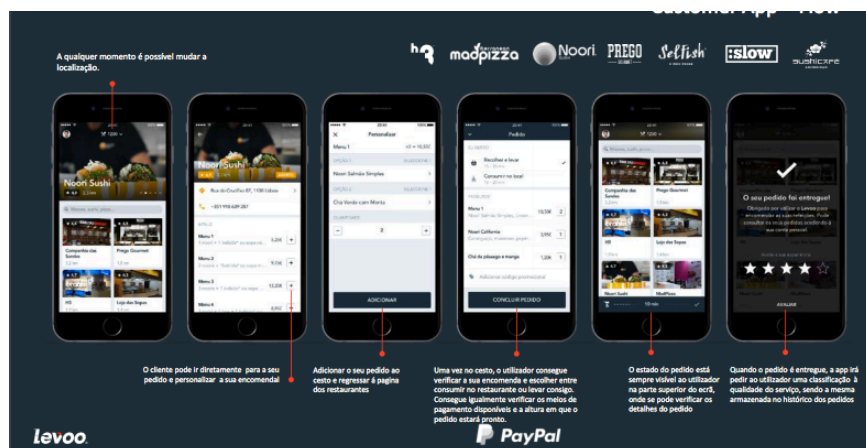
Appendix 1: Company Interview Guidelines

- 1) Como é que esta ideia surgiu? Quando é que a Levoo foi lançada?
- 2) Encontrou algum problema que achasse que deveria ser resolvido por forma a surgir com esta ideia?
- 3) Que *Target* pretendem atingir? Quem acham que vão ser os vossos principais consumidores (perfil)?
- 4) Qual é a imagem que querem transmitir aos clientes (posicionamento)?
- 5) Quais são os vossos maiores concorrentes? Que apps existem similares com estas em Portugal ou fora? Qual o sucesso das mesmas? Se tiverem sucesso, esse sucesso teve alguma influência no lançamento da Levoo?
- 6) Consideram que têm o *first move advantage* com a Levoo?
- 7) Consegue ver algumas limitações na Levoo? Ou alguma coisa que considere que possa ser melhorada?
- 8) Que factores consideram que vos irão levar ao sucesso? Quais são os factores que acreditam que faz as pessoas fazer o download da Levoo? Na vossa opinião, quais acham que são as vossas maiores vantagens competitivas?
- 9) Como pretendem transmitir confiança na utilização da app aos consumidores? Qual a estratégia definida?
- 10) Quantos downloads foram feitos desde o início? E quantas compras já foram feitas através da app
- 11) Como é que a Levoo (ou o restaurante parceiro) prevê o tempo para os clientes irem recolher a encomenda? Qual é o processo desde que o restaurante recebe a encomenda até que a encomenda chega ao consumidor?
- 12) É possível, ou poderá ser uma hipótese, fazer a reserva do pedido para uma hora específica escolhida pelo cliente?
- 13) Porque é que nalguns restaurantes não existe a opção de *take away*?
- 14) Qual a estratégia de comunicação da Levoo?
- 15) Consideram expandir-se para outros *shoppings*? E expandir a nível nacional? Quando e para onde? Qual é a estratégia de expansão?

Appendix 2: Order and Pick up Service Process



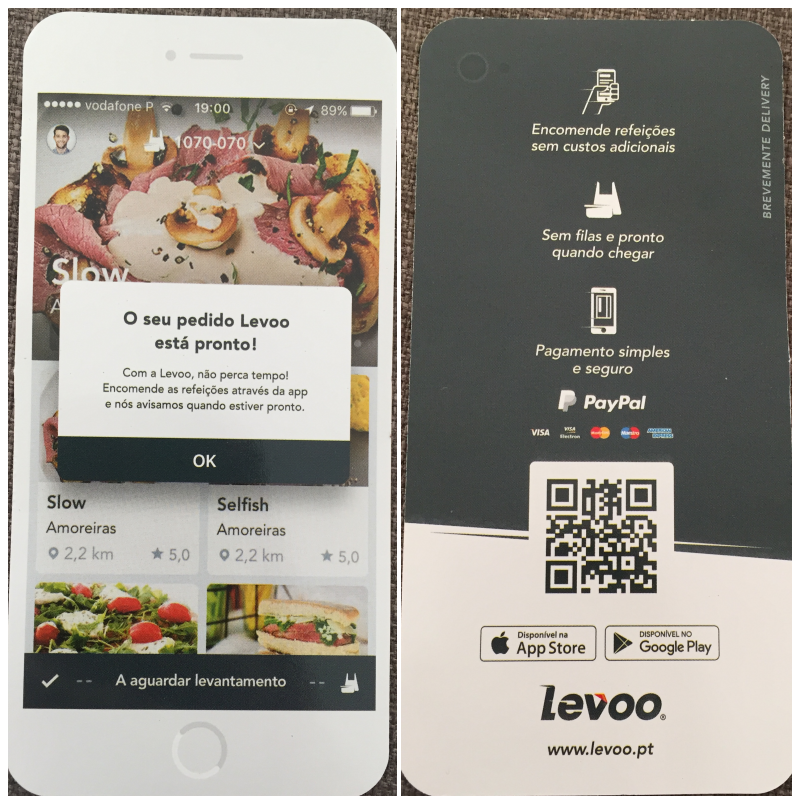
Appendix 3: Order and Pick up Service Process



Appendix 4: Delivery Service Process



Appendix 5: Flyer



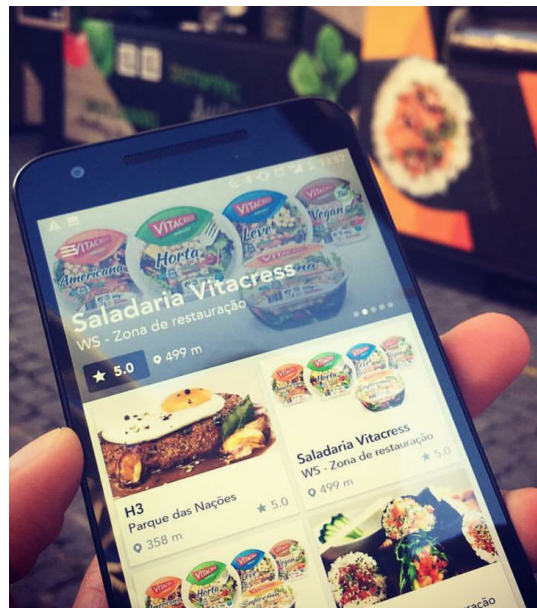
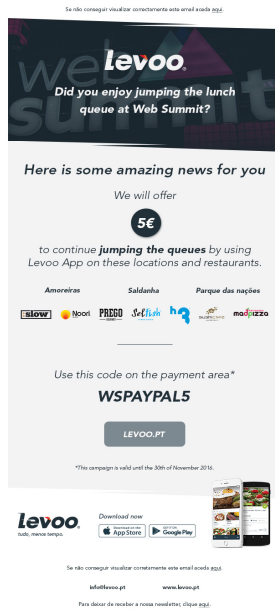
Appendix 6: Elevator Advertising



Appendix 7: Tray Advertising



Appendix 8: WEBSUMMIT



Appendix 9:WEBSUMMIT promoter



Appendix 10: Paid Media



Focus Group

Appendix 11: Focus Group Guidelines

1. Please start by asking the participants to shortly introduce themselves;
2. Ask the group if anyone has participated in a focus group before;
3. Duration: 1 hour
4. Participants should turn off their phones and put them away;
5. If there is any doubt about the question asked, participants should request clarification.
6. Make sure that every participant understands that the answers given during the focus group will be treated confidentially
7. There are no wrong or right questions, please be honest.

Discussion:

1) Apps:

- a. Do you usually download apps?
- b. What kind of apps do you usually download?
- c. What do you value most in an app? (Easy to use, usefulness, ...)
- d. Do you usually use apps as a shopping tool? In which kind of situations?
- e. Think in an app that you downloaded recently, how did you know about the app that you download? (Facebook, Friends/family, TV, Radio,...)
- f. Do you have any app related with food? Which ones?

2) Online Shopping:

- a. Have you ever bought online? Or do you usually do it?
- b. If yes, how was the experience? Something went wrong?
- c. If no, why you do not buy online?

3) Consumer Behaviour when Eating at a Shopping Mall:

- a. Do you usually eat in the restaurants of the shopping malls?
- b. What are your criteria when you choose a restaurant in the shopping mall? (size of the queue, kind of food, ...)
- c. Have you ever gave up of eating in a restaurant you wanted? In which circumstances?

4) Delivery Service

- a. Do you usually order food online? From which platforms?
- b. Have you ever used noMENU?
- c. What do you like the most and the worst in noMENU? (1 good and 1 bad)
- d. In your opinion, what can be improved in noMENU?

5) Levoo:

Show the demonstration video of Levoo to the participants

- a. After see the video, what is the first word that comes to your mind about Levoo?
- b. Would you use it, this means, would you buy from it? If no, why?
- c. What did you like most in this app?
- d. In which circumstances would you use it?
- e. Which other app, even if it is not related with food, you can compare with Levoo?
- f. As Uber, with Levoo you can pay in advance using your smartphone. Is it an advantage or disadvantage? Why?
- g. Would you like to download it? Why?
- h. Having in mind what you saw in the video, what can be improved in this service in order to satisfy more the customers?

Showed the app in the smartphones

- i. What do you think that can be improved in the app?
- j. In which other businesses this app could be useful?
- k. What can make you delete the app from your smartphone? (first experience was not good, they do not have the restaurants I usually go, they are not present in the shoppings that I am used to go,...)

In a near future, Levoo wants to have delivery service in the app, where customers just need to pay the delivery cost that will have a fixed fee. Levoo also wants to deliver the food in a maximum time of 30 min.

- a. Would you consider to use Levoo to order your meal instead of other delivery company that you usually use (noMENU,...)?
- b. If yes, what are the main reasons to change?

- c. If no, why?
- d. Do you have any suggestion that can improve the delivery service in general in Portugal, having already in mind the Levoo delivery service?

Any question? Thank you for your participation!

Survey

Appendix 12: Survey Guidelines

Survey

Dear participant, my name is Rita Pinto and I am currently finishing my master degree in Católica Lisbon School of business and Economics. For that reason, this survey will be very helpful to complete my thesis.

This survey is intended just to Portuguese people, so if you are not Portuguese please do not answer.

The survey will be helpful to collect the maximum possible information about the responsiveness of a new app launched recently in Portugal.

There are no wrong or right answers, just your honest opinion.

The survey will not take more than 10 min to complete and the answers will be all anonymous.

Thanks for your participation,

Rita Pinto

1. What do you value most in an app? Order it
 - a. Easy to use
 - b. Design
 - c. Price of the app
 - d. Usefulness

- e. Adaptable to different devices
 - f. Responsiveness / Speed
2. Do you trust in apps as a shopping tool?
- Yes ____
- No ____
3. If No, why?
- a. I do not have credit card
 - b. I do not trust in pay via app
 - c. I do not trust in the service
 - d. I do not know the company
 - e. Other _____
4. Think in an app that you downloaded recently, how did you know about the app?
- a. Facebook/Instagram/Twitter
 - b. Commercial (TV, radio, outdoor,...)
 - c. Family/friend
 - d. Magazine
 - e. Celebrities
 - f. Blogs
 - g. Point of sale (you saw the app in the store/restaurant/...)
 - h. Other _____
5. Do you use or ever used an app of food or meals?
- a. Yes
 - b. No

Imagine a day that you went to a shopping mall to lunch or dinner.

6. Have you ever quit to lunch/dinner in a shopping restaurant because of the length of the queue?
- a. Yes
 - b. No

7. If you had a chance of order your meal in advance, would you use it?
- Yes
 - No

(show a video with an explanation of Levoo)

8. How interesting this app could be for you? (1- Not interesting at all; 5- Very interesting)
- Not interesting at all
 - Not much interesting
 - Neutral
 - Interesting
 - Very Interesting
9. Would you like to download it?
- Yes
 - No
10. Based only on the video you saw about Levo, please give your opinion regarding what do you think is more appropriated to Levoo:
- Old fashion _ _ _ _ Modern
- Does not help saving time _ _ _ _ Help saving time
- Difficult to use _ _ _ _ Easy to use
- Useless _ _ _ _ Useful
11. As you saw in the video, Levoo predict the time that your meal will took to be ready, for you pick up your order. Do you belief in those kinds of estimations?
- Yes
 - No
12. Imagine that your order is not ready on time. Would be able to use this app again?
- Yes

- b. No

13. How do you value the following attributes of Levoo? Rank from 1 to 7 (1 is not important at all and 7 is very important)

- a. Design
- b. Payment method
- c. Easy to use
- d. Saving time
- e. Free app

14. Considering the following, what can be the main limitations that make you quit the app? Select 3

- a. The fact that I can not see the meal being prepared
- b. My order was ready with a delay regarding the time they said to me
- c. They forgot my order
- d. The app fails when I am ordering the meal
- e. I just can pay with credit card or paypal
- f. Other _____
- g. No limitations for me

15. In what kind of businesses do you think this app can be useful? You can select more than one option.

- a. Post office
- b. Loja do Cidadão
- c. Hair Dresser
- d. Pharmacy
- e. Supermarkets
- f. Other _____

In a near future, Levoo pretends to have a delivery service included in the app.

16. Have you ever used noMENU website to order your meals?

- a. Yes
- b. No (Go to demographic questions)

17. If yes, what are the main limitations of noMENU service?

- a. Delivery time
- b. Quality of the food when arrive (cold, bad presentation)
- c. The friendliness of the staff
- d. They do not have an app
- e. Difficult and confuse to use the website
- f. Other

Gender:

- a. F
- b. M

Age: 5 grupos

- a. <18
- b. 18 – 25
- c. 26 – 35
- d. 36- 50
- e. >50

Occupation:

Student

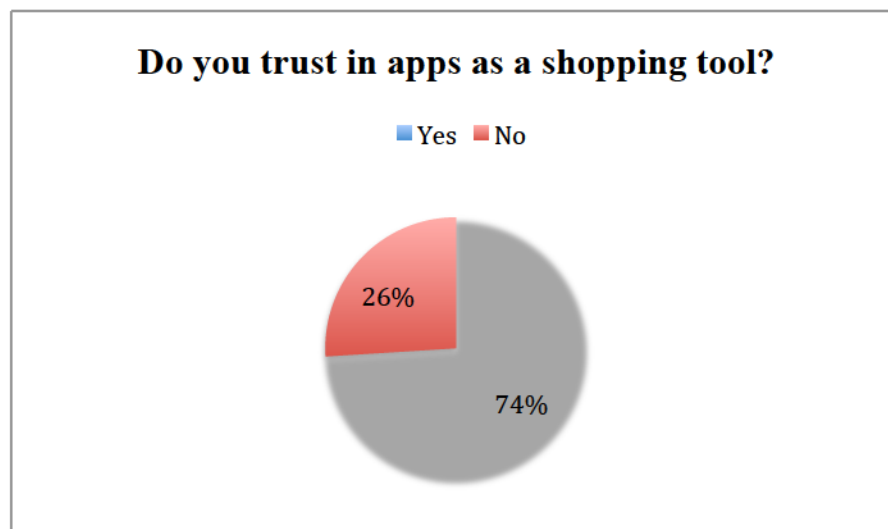
Worker

Student Worker

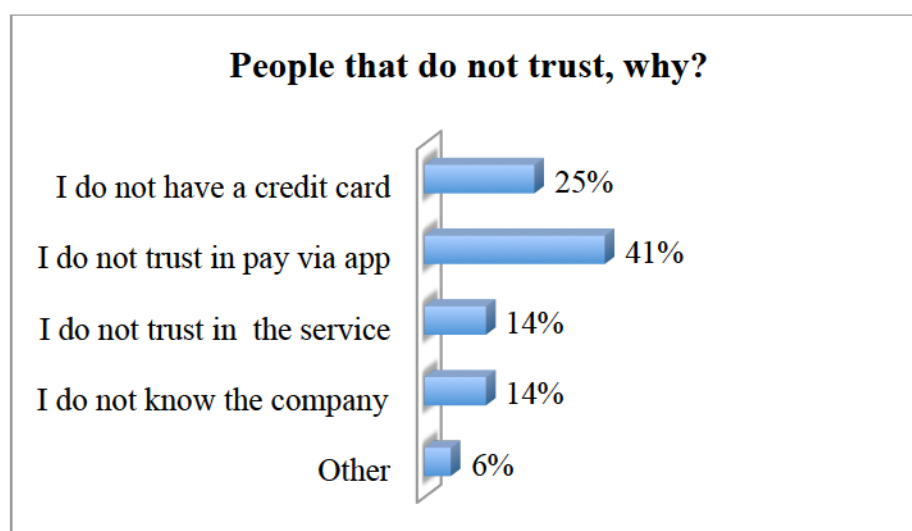
Retired

Survey Results

Appendix 13



Appendix 14

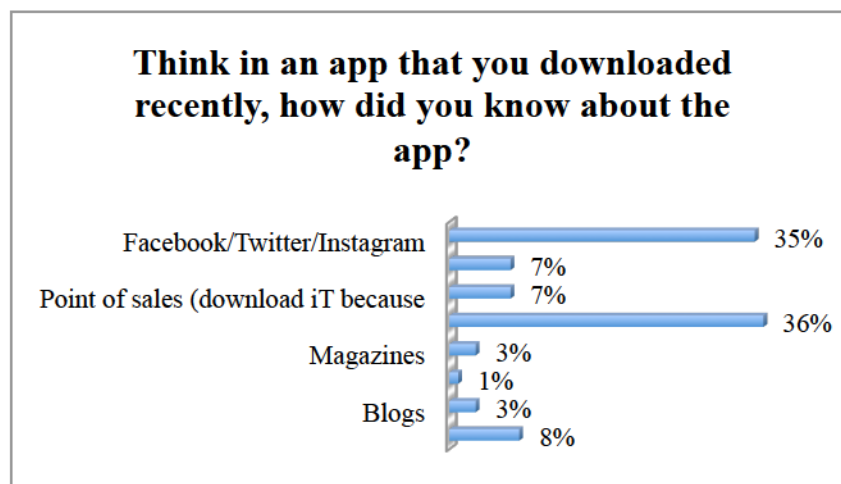


Appendix 15

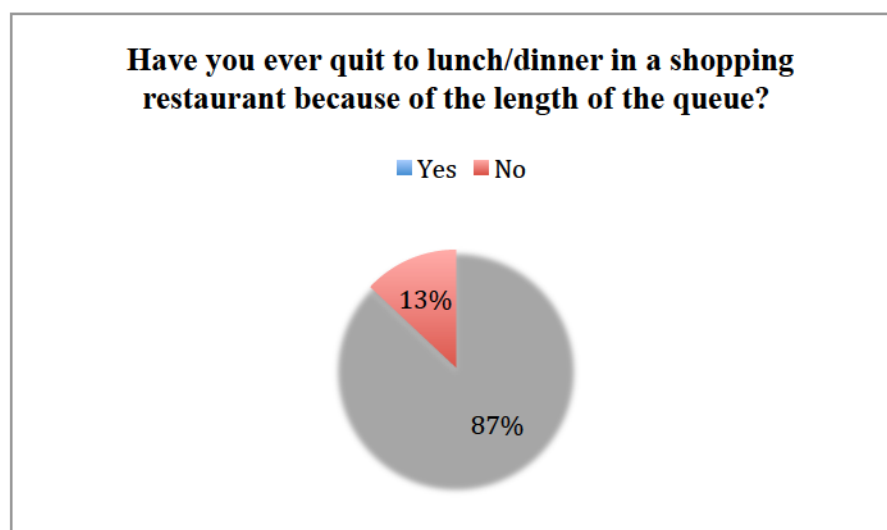
What do you value most in an app? Order it from your preference							
	1st	2nd	3rd	4th	5th	6th	
Easy to use	23%	28%	31%	13%	4%	1%	100%

Design	1%	10%	13%	23%	29%	24%	100%
Price of the app	28%	22%	16%	12%	13%	9%	100%
Usefulness	44%	28%	13%	11%	3%	1%	100%
Speediness	3%	10%	23%	32%	30%	2%	100%
Adaptable to different devices	1%	2%	4%	9%	21%	63%	100%
	100%	100%	100%	100%	100%	100%	

Appendix 16



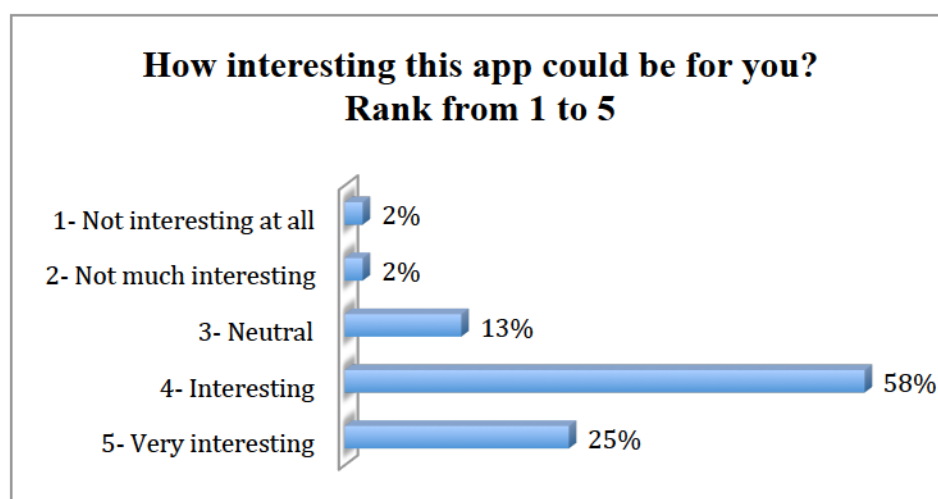
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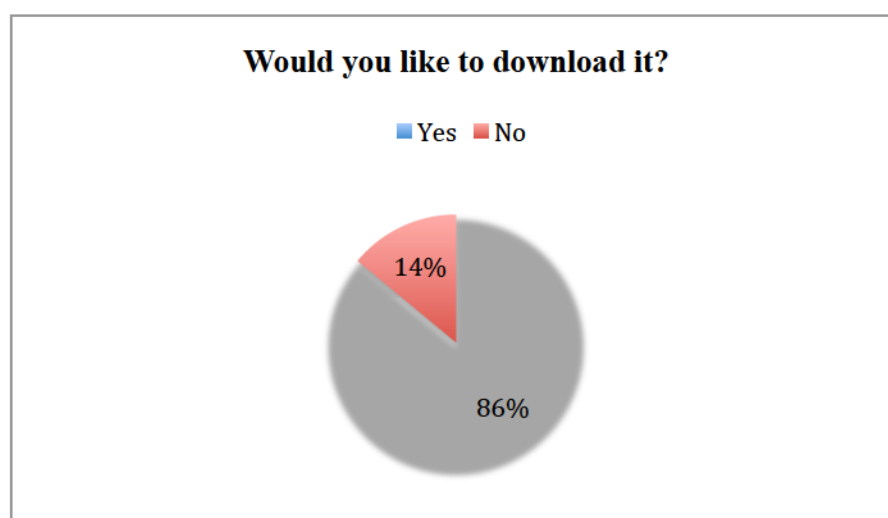
Appendix 18

		If you had a chance of order your meal in advance, would you use it?		
		Yes	No	Total
Have you ever quit to lunch/dinner in a shopping restaurant because of the length of the queue?	Yes	94%	6%	100%
	No	89%	11%	100%
	Total	94%	6%	100%

Appendix 19



Appendix 20

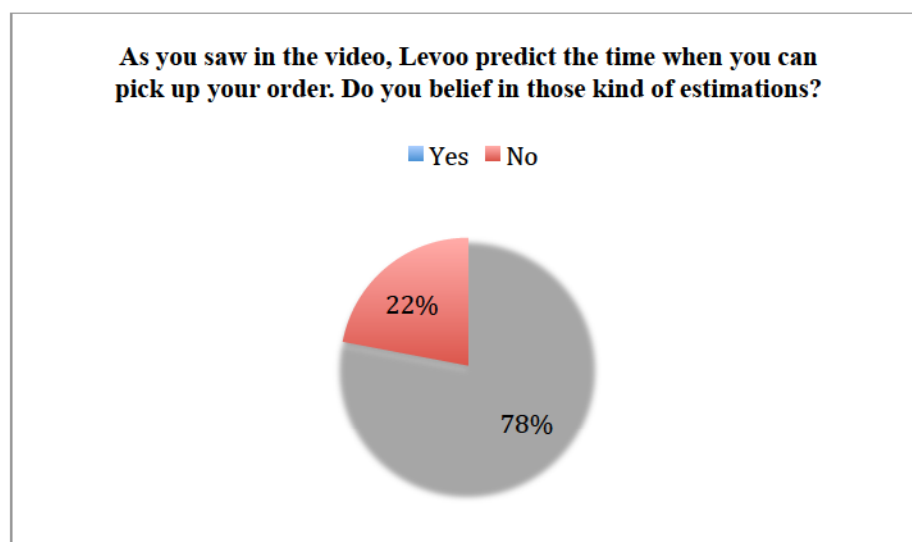


Appendix 21

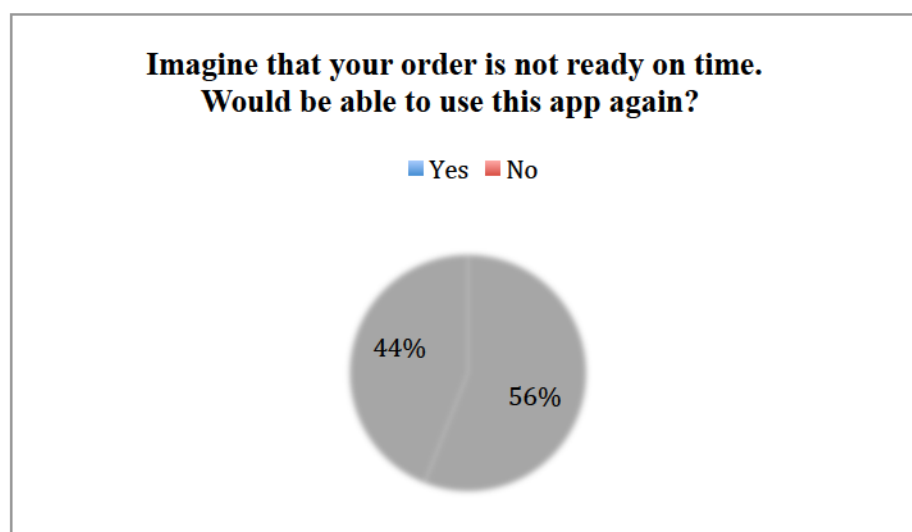
Based only on the video you saw about Levo, please give your opinion regarding what do you think is more appropriated to Levoo:

	1	2	3	4	
Old Fashion	0%	3%	33%	64%	Modern
Does not help saving time	1%	5%	30%	64%	Helps saving time
Difficult to use	2%	6%	42%	50%	Easy to use
Useless	1%	7%	40%	52%	Usefulness

Appendix 22



Appendix 23



Appendix 24

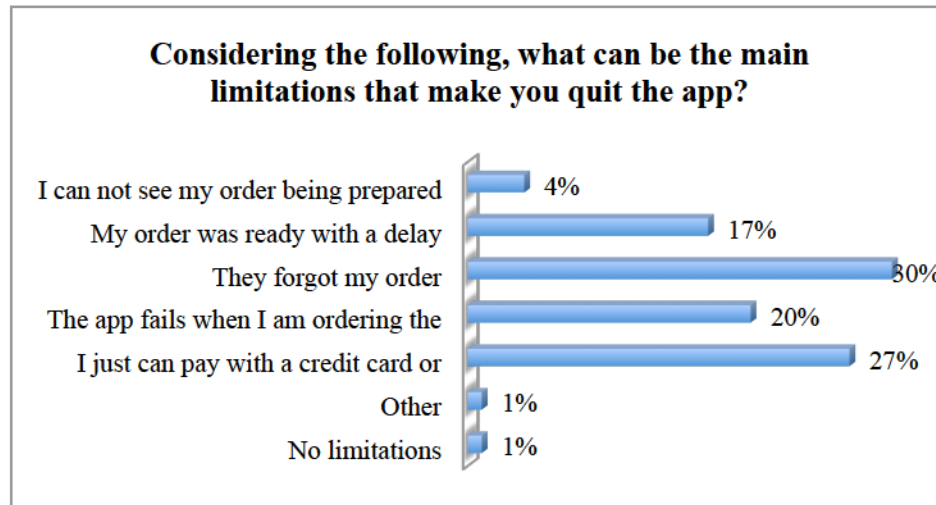
How do you value the following attributes of Levoo? Rank from 1 to 7 (1- not important at all, 7- very important)

	1-Not important	2	3	4	5	6	7-very important	
Design	2%	5%	6%	18%	39%	20%	10%	100%
Easy to use	0%	1%	2%	8%	14%	29%	46%	100%
Payment method	0%	0%	4%	12%	12%	21%	51%	100%
Saving time	0%	0%	3%	6%	12%	25%	54%	100%
Free app	1%	0%	1%	4%	4%	13%	77%	100%

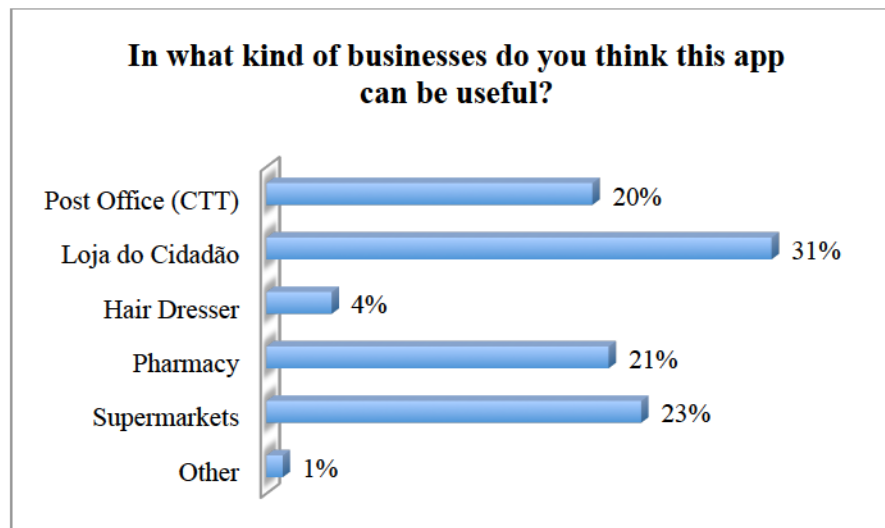
Appendix 25

		Occupation				
		Student	Worker	Student Worker	Retired	Total
How interesting this app could be for you?	1- Not interesting at all	50%	50%	0%	0%	100%
		4%	2%	0%	0%	2%
	2- Not much interesting	0%	100%	0%	0%	100%
		0%	3%	0%	0%	2%
	3- Neutral	27%	62%	8%	3%	100%
		14%	14%	8%	33%	14%
	4- Intersting	25%	60%	13%	2%	100%
		56%	59%	58%	67%	58%
	5- Very interesting	28%	53%	19%	0%	100%
		26%	22%	35%	0%	24%

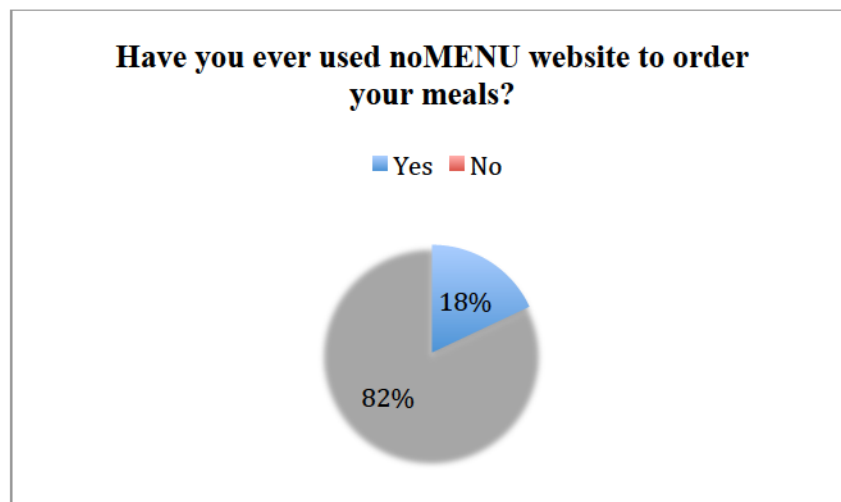
Appendix 26



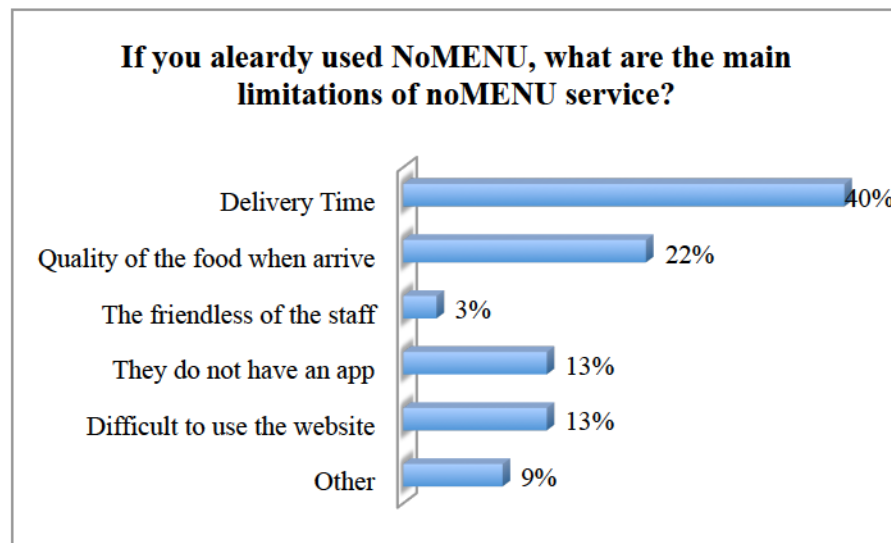
Appendix 27



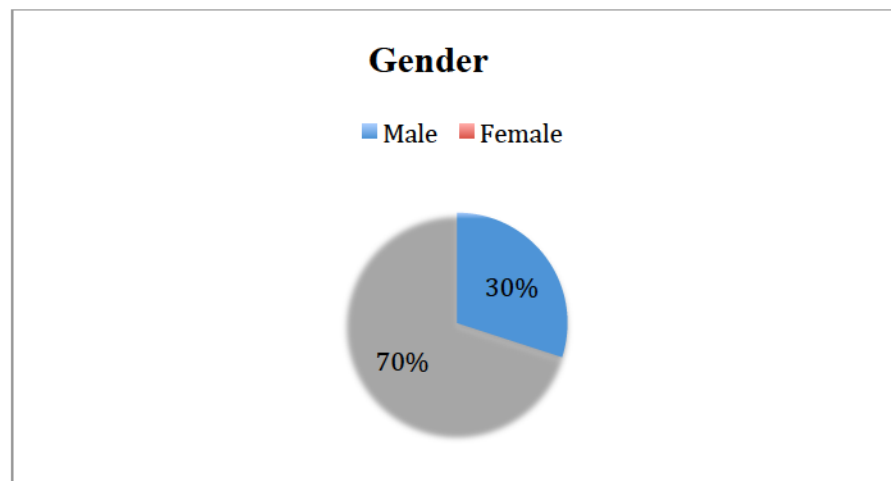
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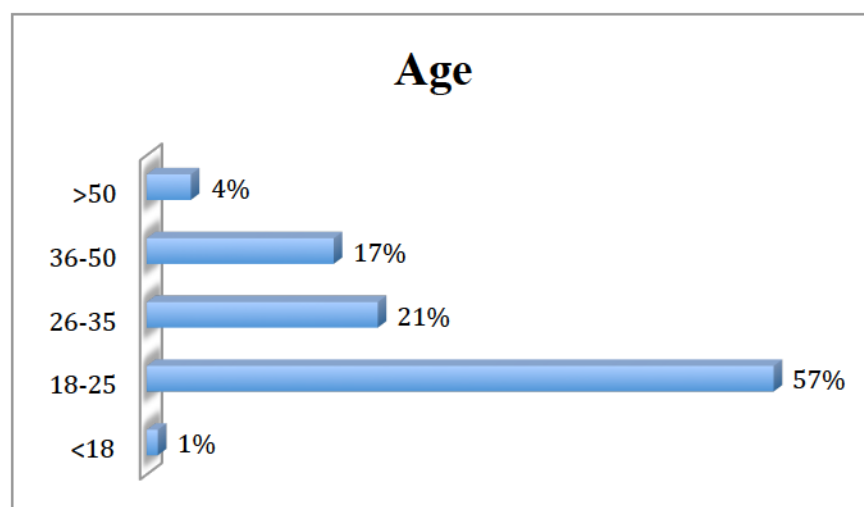
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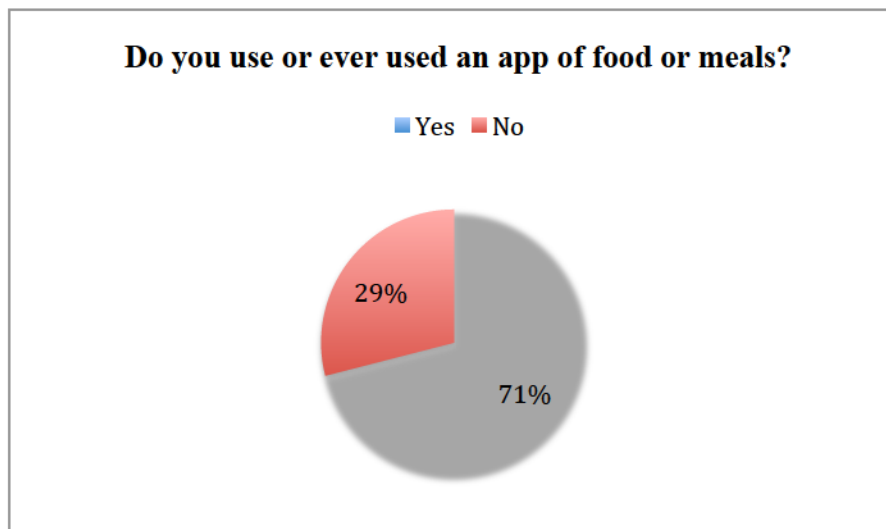
Appendix 30



Appendix 31



Appendix 32



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